

Treasury

LEELANAU COUNTY  
BOARD POLICY

GENERAL SUBJECT: Financial & Investment Policies  
Clerk/Treasurer

Policy No. **7.14**

SPECIFIC SUBJECT: Reserves Policy

Adopted: 04/17/1990  
Revised: 05/20/2014

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APPLIES TO: All Leelanau County Employees and Elected Officials

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I. Budget Stabilization Fund

In accordance with County Ordinance No. 90-02, the County of Leelanau will maintain a Budget Stabilization Fund. This reserve fund will be maintained at 15 percent of the prior year's general fund budget or the average of the last five year's general fund budgets, whichever is lesser. When making a decision to expend monies from the Budget Stabilization Fund, the County Board of Commissioners shall appropriate only by a resolution adopted by a two-thirds vote of the members elected and serving and the Board shall make a specific finding of fact that the appropriation is for one or more of the following purposes:

- A. To cover a General Fund deficit when the County's annual audit reveals such a deficit.
- B. To prevent a reduction of public services or the number of employees at any time during the fiscal year when the County's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses.
- C. To prevent a reduction in the level of public services or the number of employees at any time during the fiscal year when the County's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses.
- D. To cover expenses arising because of a natural disaster including flood, fire, or tornado. However, if Federal and/or State funds are received to offset the appropriations from the fund, that money shall be returned to the fund.

Budget Stabilization Fund reserves shall not be appropriated for the acquisition, construction, or alteration of a facility as part of the general Capital Improvements Program (CIP).

In acting to appropriate funds from the Budget Stabilization Fund, the County Board of Commissioners shall not in any given year utilize more than 33-1/3 percent of the funds on hand in the Budget Stabilization Fund for the purposes of meeting conditions B and C, above.

The cash and investments of the Budget Stabilization Fund are subject to the requirements of PA 20 of 1943, as amended, (MCL 129.91) and may be included in a pooled cash and investment. Earnings of the fund's investments must be returned to the municipality's general fund (MCL 141.443(4).)

#### II. General Fund Contingency Account

The County will establish a contingency account in the annual General Fund budget to provide for unanticipated expenditures of a non-recurring nature or to meet unexpected small increases in service delivery costs. This reserve will be established at three percent (3%) of the General Fund revenue budget.

#### III. Equipment Replacement Funds

The County will establish equipment replacement (Internal Services) funds as appropriate and will make appropriations to such funds annually to provide for timely replacement of equipment. While such equipment replacement funds will initially be capitalized by General Fund appropriations, it is the intent of the Board that such funds will ultimately be sustained primarily via rental charges paid by the budgetary units utilizing items of equipment purchased via the fund. The Board recognizes that the addition of new types of equipment or increases in the volume of equipment utilized will normally require additional General Fund appropriations.

#### IV. General Fund/Fund Balance

The unreserved cash level of the fund balance of the General Fund, after the Budget Stabilization Fund is funded at the statutory maximum, shall be maintained at 10% of the current year's adopted General Fund budget.

#### V. Earmarked Reserves

From time to time, the Leelanau County Board of Commissioners, under unique circumstances, may establish earmarked reserves. Such reserves shall be utilized only for specified purposes which shall be established in the action initiating creation of the earmarked reserve. Such earmarked reserves shall be utilized only in circumstances where:

- A. The event or condition precipitating the need for the reserve is extraordinary and/or unique.
- B. The amount of financial resources estimated to be required is in excess of 3% of the current year adopted General Fund budget.

#### VI. Delinquent Tax Revolving Fund

The Leelanau County Board of Commissioners established the Delinquent Tax Revolving Fund (DTRF) under authority of the General Property Tax Act, MCL 211.1, et. seq. The County will strive to maintain a fully self-funded Delinquent Tax Revolving Fund with any surplus to be transferred or expended from this Delinquent Tax Revolving Fund only as specified in this Policy.

The Delinquent Tax Revolving Fund shall be maintained so that the principal amount, including accumulated investment earnings shall, on April 1 of each year, not be less than 1.70 times the "rolling" annual average of the total real property taxes returned delinquent to the County Treasurer for the immediately preceding three years. To the extent the balance from time to time in the Delinquent Tax Revolving Fund exceeds the minimum funding level required by application of this formula set may be considered "surplus," or at the discretion of the County Treasurer.

Surpluses shall be expended only to prepay principal on debt owed by the County and/or for one-time non-reoccurring expenditures on capital projects in accordance with the County's annually adopted six-year capital improvements program, and only upon approval of the County Board of Commissioners. Surpluses shall not be utilized for annually reoccurring operational expenses, including but not limited to such things as utilities, insurance, wages and fringe benefits, or interest on debt, with the exception of offsetting administrative costs to the General Fund.

APPROVED, AMENDED, AUDITED

Fund 101 General Fund

County of Leelanau

Department 890890 Budgeted Fund Transfers

Period Ending Date: December 31, 2021

Account Number	Account Name	Current Year Appropriated Budget	Current Year Total Amended Budget	Current Year-to-date Actual
890890-999.260	Transfer Out - Indigent Defense	52,833.00	52,833.00	52,780.96
890890-999.457	Transfer Out - Radio Comm	52,876.00	52,876.00	52,876.00
890890-999.470	Transfer Out - Capital Improvements	0.00	50,000.00	50,000.00
890890-999.573	Transfer Out - Mapping Fund	43,000.00	33,000.00	33,000.00
890890-999.645	Transfer Out - Duplicating Fund	0.00	25,000.00	25,000.00
890890-999.805	Transfer Out - Dam Fund	29,100.00	39,100.00	39,100.00
890990-999.000	Debt Service Transfer Out	454,700.00	454,700.00	454,700.00
891891-965.000	Contingency	447,000.00	447,000.00	0.00
Expenses Total		14,394,935.00	15,442,734.00	13,950,797.22
Revenues Total		0.00	0.00	380,689.04
Expenses Fund Total		14,394,935.00	15,442,734.00	14,331,486.26
Net (Rev/Exp)		0.00	0.00	13,950,797.22
Beginning/Adjusted Balance		7,485,173.82		380,689.04
		+	YTD Revenues	YTD Expenses
			14,331,486.26	13,950,797.22
			-	=
				7,865,862.86
Grand Total for Revenues		14,394,935.00	15,442,734.00	14,331,486.26
Grand Total for Expenses		14,394,935.00	15,442,734.00	13,950,797.22
Grand Total Net Rev/Exp		0.00	0.00	380,689.04

# Trial Balance Report

County of Leelanau  
Summary  
YTD Ending 12/31/21

Fund 257 Budget Stabilization Fund		Debits	Credits
000000-001.000	Cash	449,390.67	
000000-002.005	Huntington MMA	11,746.16	
000000-003.001	MORGAN STANLEY 6176BU2A4	253,904.20	
000000-003.003	FHLB 3130ALYA6	500,000.00	
000000-056.000	Interest Receivable	715.97	
000000-390.000	Fund Balance		1,216,186.89
000000-664.000	Interest Earnings	429.89	
	Total Fund Budget Stabilization Fund 257	1,216,186.89	1,216,186.89